



DEPARTMENT OF HUMAN SERVICES
SENIOR & DISABLED SERVICES DIVISION
500 Summer Street NE
Salem, Oregon 97310-1015
Phone: (503) 945-5811

AUTHORIZED BY: _____

**SDSD Administrator/Deputy/
Assistant Administrator**

INFORMATION MEMORANDUM

SDSD-IM-00-78

Date: August 3, 2000

TO: SDSD District and Unit Managers
Area Agency on Aging Directors
Employment Initiative Specialists

SUBJECT: August Trainings available on Work Opportunity Tax Credit (WOTC)

INFORMATION: The Oregon Employment Department is holding trainings around the state on the Work Opportunity Tax Credit (WOTC). This tax credit provides an incentive for employers to hire "targeted group" members. Since persons receiving Food Stamps and persons receiving SSI are members of a targeted group, this tax credit may be available to employers who hire consumers of the Employment Initiative.

On the following page are the dates and locations of these trainings to be held in August and the contact information for registering.

Also included in this transmittal is the Work Opportunity Tax Credit (WOTC) and Welfare to Work (WtW) training workbook. If you are unable to attend any of the trainings, this workbook may be a valuable resource.

CONTACT PERSON: Scott A. Lay, Employment Initiative Coordinator

CONTACT NUMBER: (503) 945-6453 e-mail: scott.a.lay@state.or.us

FAX NUMBER: (503) 373-7902

The following sites are scheduled for Work Opportunity Tax Credit (WOTC) training in August:

Thursday August 10th, 1-5pm in the Columbia Room (2nd floor)
Employment Dept., Eugene Field Office
2510 Oakmont Way, 97401

Wednesday August 23rd, 8am-noon in main conference room
Employment Dept., Bend Field Office
1007 SW Emkay Dr., 97702

Tuesday August 29th, 1-5pm
Employment Dept., Gresham Field Office
19421 SE Stark, 97233

RSVP Ellen Wetzler (503) 947-1670 Ellen.J.Wetzler@state.or.us to reserve seating. In addition to your name and agency, please identify the session you plan to attend.

For questions regarding WOTC, please feel free to contact:

Ed Jassmann
WOTC Coordinator
Oregon Employment Department
(503) 947-1672

Work Opportunity Tax Credit and Welfare-to-Work Tax Credit Training

Participant Workbook

February, 2000



Welcome to Conditional Certification Training

As a result of participating in this workshop, you will gain the knowledge and skills to:

- Understand the historical background and legislative intent of the Work Opportunity Tax Credit (WOTC) and Welfare-to-Work Tax Credit.
- Advise an employer how to secure these credits.
- Identify the target groups eligible for participation.
- Determine if an individual job seeker meets the eligibility criteria of any target group.
- Complete the conditional certification process in an accurate and timely manner.
- Effectively use all program forms.

Disclaimer: *The Work Opportunity Tax Credit and Welfare-to-Work Tax Credit Participant Workbook* is available for staff use in general reference or training activities only. Questions about how the credit affects a particular employer's tax liability should be referred to an accountant or the Internal Revenue Service, and the contents within this workbook are not intended for use in lieu of professional consultation. Changes in these programs are likely during periods of reauthorization. Since both credit programs expire December 31, 2001, any subsequent legislation leading to reauthorization may result in changes to these credits after this date.

Table of Contents

Work Opportunity Tax Credit	4
Welfare-to-Work Tax Credit	5
Applying for the Tax Credit	6
Using the Tax Credit as a Hiring Incentive	8
Target Groups	12
TANF Recipients	13
Veterans	13
Qualified Ex-felons	14
High-risk Youth	19
Vocational Rehabilitation Referrals	19
Summer Youths	20
Food-stamp Recipients	20
SSI Recipients	21
Long-term Family Assistance Recipients	21
Claiming the Tax Credit	22
For the Employer's Record	25
Frequently Asked Questions	26
Forms	28
Ordering Forms and Brochures	36
Conditional Certification Agreements	36
Program Administration	36
Employment Department Time Charging	36

Oregon Employment Department Contacts

Ed Jassmann, State Coordinator	(503) 947-1672
Tom Shorten, Program Technician	(503) 947-1666
Denise Fletchall, Administrative Specialist	(503) 947-1674

Toll Free (In Oregon)	(800) 237-3710 ext. 71672
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TTY	(503) 947-1667
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Employment Department Home Page	www.WorkinginOregon.org
U.S. Dept. of Labor WOTC Page	www.doleta.gov/employer/wotc.htm

Work Opportunity Tax Credit

Created through the Small Business Job Protection Act in 1996, the Work Opportunity Tax Credit (WOTC) provides employers an incentive, in the form of federal tax credits, to hire certain target group members. The tax credit serves eight target groups with various barriers to employment. Employers who hire and pay wages to certified target group members could significantly reduce their federal tax liability by utilizing WOTC. In December 1999, the President signed the Ticket to Work and Work Incentives Improvement Act, which sets the WOTC expiration date at December 31, 2001.

Benefits of the Program

The maximum tax credit is \$2,400. This is based on 40% of the first year's wages up to \$6,000 for each target group member hired. For an employer to obtain the 40% rate, the employee must work a minimum of 400 hours. If the employee works at least 120 but less than 400 hours, the tax credit is 25% of the wages paid up to a maximum of \$6,000.

Target Group Membership

In addition to meeting the definition of a target group, the job applicant must:

- Be a first-time hire, not having worked for the employer previously; and
- Not have family ties or substantial financial interest (i.e., 50% or more shareholder) with the employer.

Welfare-to-Work Tax Credit

Created through the Taxpayer Relief Act in 1997, the Welfare-to-Work Tax Credit provides employers an incentive to hire long-term family assistance recipients. In December 1999, the President signed the Ticket to Work and Work Incentives Improvement Act, which sets the Welfare-to-Work Tax Credit expiration date at December 31, 2001. It joins other welfare-to-work initiatives aimed at increasing individual self-sufficiency, national productivity and economic growth.

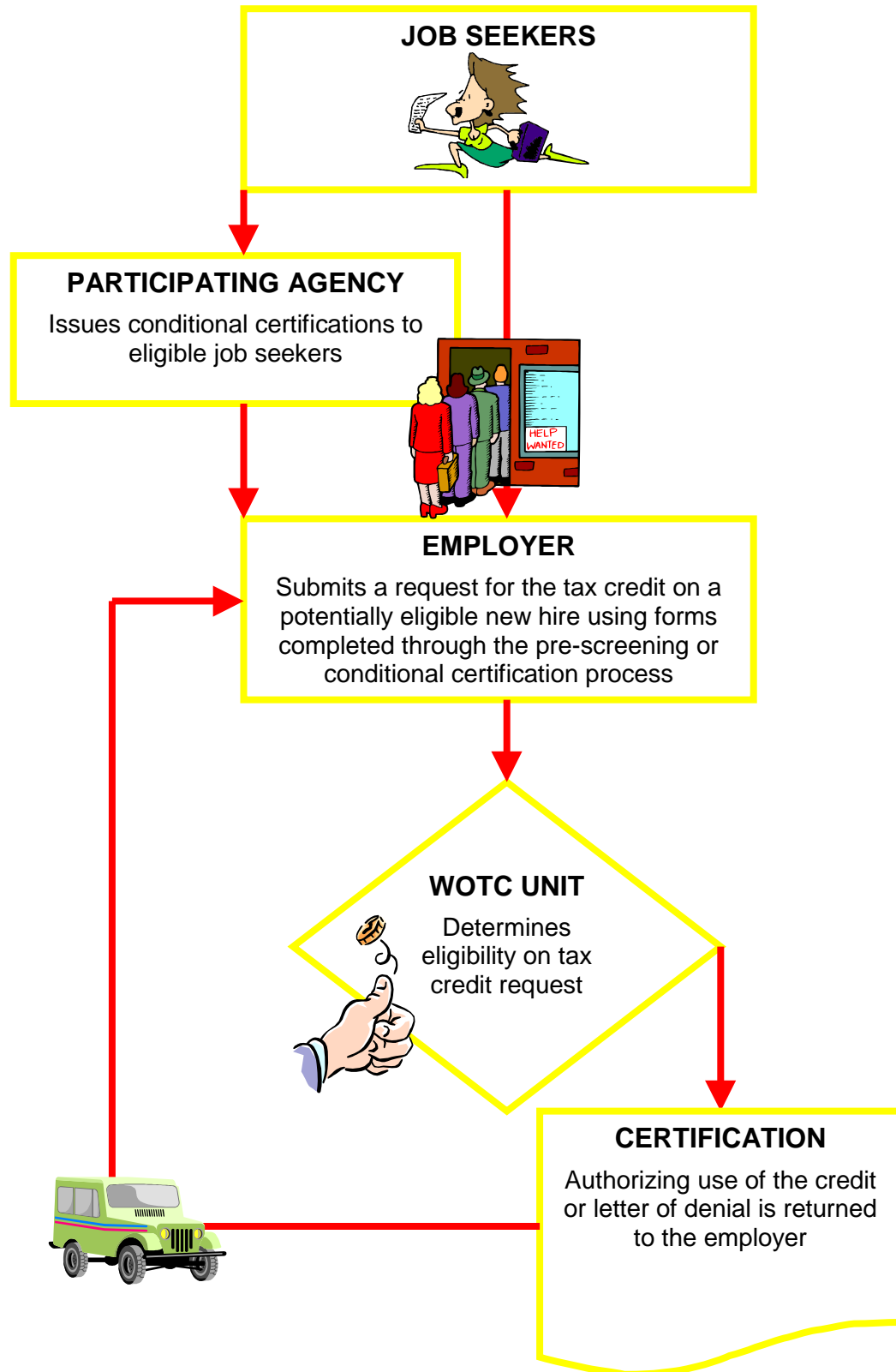
Benefits of the Program

Employers receive a federal tax credit of 35% in the first year, and 50% during the second year for the first \$10,000 of qualified wages paid to new employees who worked at least 400 hours or 180 days during each of those years. The maximum tax credit is \$8,500 for each eligible person hired.

Who qualifies for the Long-term Family Assistance Recipient target group?

- Those who received AFDC/TANF benefits for at least 18 consecutive months ending on the date of hire; **or**
- Who received AFDC/TANF benefits for a total of at least 18 months, beginning after August 5, 1997; **or**
- Whose AFDC or TANF eligibility expired under federal or state law after August 5, 1997.

Applying for the Tax Credit



Applying for the Tax Credit

How does an employer apply for the WOTC or Welfare-to-Work Tax Credits?

There are two ways to apply for the WOTC or Welfare-to-Work Tax Credit. The application options for the two credits are identical and both ways have timelines. The timelines are statutory requirements used to determine eligibility for these credits.

- **Prior to the job offer**, the applicant completes the Pre-Screening Notice (IRS Form 8850). If the applicant checks box 2 or box 4 to indicate potential eligibility, the employer completes the section "For Employer's Use Only" on IRS Form 8850. After completing Form 8850, the employer mails it to the Employment Department WOTC Unit **within 21 days** after the applicant starts work. A completed Individual Characteristics Form (Form ETA-9061) may accompany Form 8850, or be submitted on a later date. The ETA-9061 is not bound by timelines, but is required to complete the processing of the request. Mail tax credit request to:

Oregon Employment Department
WOTC Unit
875 Union Street NE Room 201
Salem, OR 97311

- If the applicant already has a **Conditional Certification** (Form ETA-9062) issued by a participating agency (e.g., the Job Corps) the employer requests certification by completing that form and IRS Form 8850. Both forms are mailed to the Employment Department WOTC Unit **within 21 days** after the applicant starts work.

The postmark determines the timeliness of the request. To protect a request, it may be sent by certified mail to establish evidence of mailing.

An Employer Certification (Form ETA-9063) will be returned to the employer authorizing the credit if the applicant is eligible.

Using the Tax Credit as a Hiring Incentive

An employer interested in applying for the WOTC (or Welfare-to-Work Tax Credit) is required to pre-screen the potential new employee for target group eligibility **on or before the day of job offer**. A conditional certification issued by a participating agency to an eligible applicant can satisfy this requirement. The conditional certification must be issued **on or before the day the individual starts work**.

Issuing a Conditional Certification

By issuing a conditional certification, the recipient is identified as a WOTC participant, and it may serve as an incentive for a prospective employer to hire the individual. The following steps are necessary to complete the conditional certification process:

- Have IRS Form 8850 and Form ETA-9062 available to complete while screening the job seeker for target group eligibility.
- Instruct the job seeker to complete all items down to number 1 on IRS Form 8850.
- Complete box 1 through 14, skipping box 2, on Form ETA-9062. Interview the job seeker to determine which target group code to enter in box 11. Use box 12 for Welfare-to-Work Tax Credit only. Confirm target group eligibility through records on file or by contacting the job seeker's case manager, counselor, etc. Determine the duration the individual will meet target group eligibility through documentary evidence (e.g., benefits printout, computer records) and enter the conditional certification expiration date in box 14.
- Keep a copy of IRS Form 8850 and ETA-9062 on file with documentary evidence (e.g., benefits records, name and phone number of case manager confirming eligibility). Before filing these copies, a second staff person needs to perform a quality review (i.e., review target group eligibility and completion of forms) within 48 hours after issuance of the conditional certification.
- Instruct the job seeker to give both forms to the employer when hired. To request the tax credit, the employer will need to complete both forms and mail them to the WOTC Unit within 21 days after the applicant starts work.

Using the Tax Credit as a Hiring Incentive

What information and codes do I enter to issue a conditional certification?

On IRS Form 8850:

- Complete all items down to number 1.
- Check box number 1.

On Form ETA-9062:

- Write your initiating agency code in Box 1. Employment Department staff assigns their field office number while Participating Agencies (e.g., AFS, VRD) uses their three-letter acronym or alphanumeric code.
- Skip Box 2.
- Check the type of conditional certification in Box 3. Check "Original" if this is the first conditional certification issued to the applicant. Check "Revalidation" if the previous conditional certification expired and the applicant still qualifies as a target group member.
- Enter today's date, your signature and telephone number in Box 4, Box 6 and Box 7 respectively.
- Enter the applicant's name, social security number and address in Box 8, Box 9 and Box 10 respectively.
- Interview the applicant for eligibility and enter the alphabetical target group code (A-I) in Box 11. You must verify eligibility by reviewing computer records or documentary evidence or by contacting the applicant's caseworker, probation officer, etc. before issuing the conditional certification.
- Check Box 12 for Welfare-to-Work Tax Credit only.
- Have the applicant sign Box 13.
- Enter the expiration date of the conditional certification in Box 14. The expiration date will be the last day the applicant qualifies as a target group member.

Using the Tax Credit as a Hiring Incentive

What application strategy can I suggest an employer to use for pre-screening job applicants?

There are two ways an employer can apply for the credit. Common in both options are the timelines that need to be satisfied to have a valid tax credit request. If the employer prefers to pre-screen their own job applicants, the following steps comply with these requirements while minimizing the burden in determining when and how to complete a request for tax credit on a new employee.

- The employer can attach the Pre-screening Notice (IRS Form 8850) to the job application packet. An applicant completing the 8850 will satisfy the pre-screening requirement if conducted **on or before** the day of job offer.
- The employer needs to review the Pre-screening Notice forms to identify potential target group members. An applicants that checked box 2 or 4 (box 1 or 3 if in possession of a conditional certification) may be eligible target group members.
- The employer must complete “For Employer’s Use Only” on Form 8850 to request the credit on a potentially eligible new hire and mail a completed Individual Characteristics Form (ETA-9061) with the 8850 to the Employment Department WOTC Unit **within 21 days** after the applicant starts work. If the new employee is eligible, a certification will be returned to the employer authorizing the credit.

Due to specific eligibility criteria and application timelines, there are no guarantees that every request originating from the pre-screening or conditional certification process will result in tax credit authorization. An employer may choose to improve the accuracy of target group identification through the conditional certification process though. Applicant pre-screening enables the employer to apply for the credit without the assistance of a participating agency, but such pre-screening relies on the applicant to assess target group affiliation.

Using the Tax Credit as a Hiring Incentive

Pre-screening High-risk and Summer Youth Target Group Members

Absent from the Pre-screening Notice (IRS Form 8850) are definitions for the High-risk and Summer Youth target groups. A common eligibility criterion shared between these groups is the residency requirement; target group members must reside in a federal Empowerment Zone or Enterprise Community (EZ/EC). In Oregon, some areas in North Portland and several communities in Josephine County are designated federal empowerment zones and enterprise communities. An employer interested in pre-screening job applicants for these targeted groups must review the address and date of birth fields on the Pre-screening Notice. Check an address for EZ/EC inclusion at <http://www.hud.gov/ezec/locator> on the HUD web site.

Work Opportunity Tax Credit and Welfare-to-Work Tax Credit Job Orders

An employer may request target group eligible referrals when placing job orders with participating agencies. Employment Department field offices should code these job orders in OJSS. On the Order Add screen, use the following code in the Cat field:

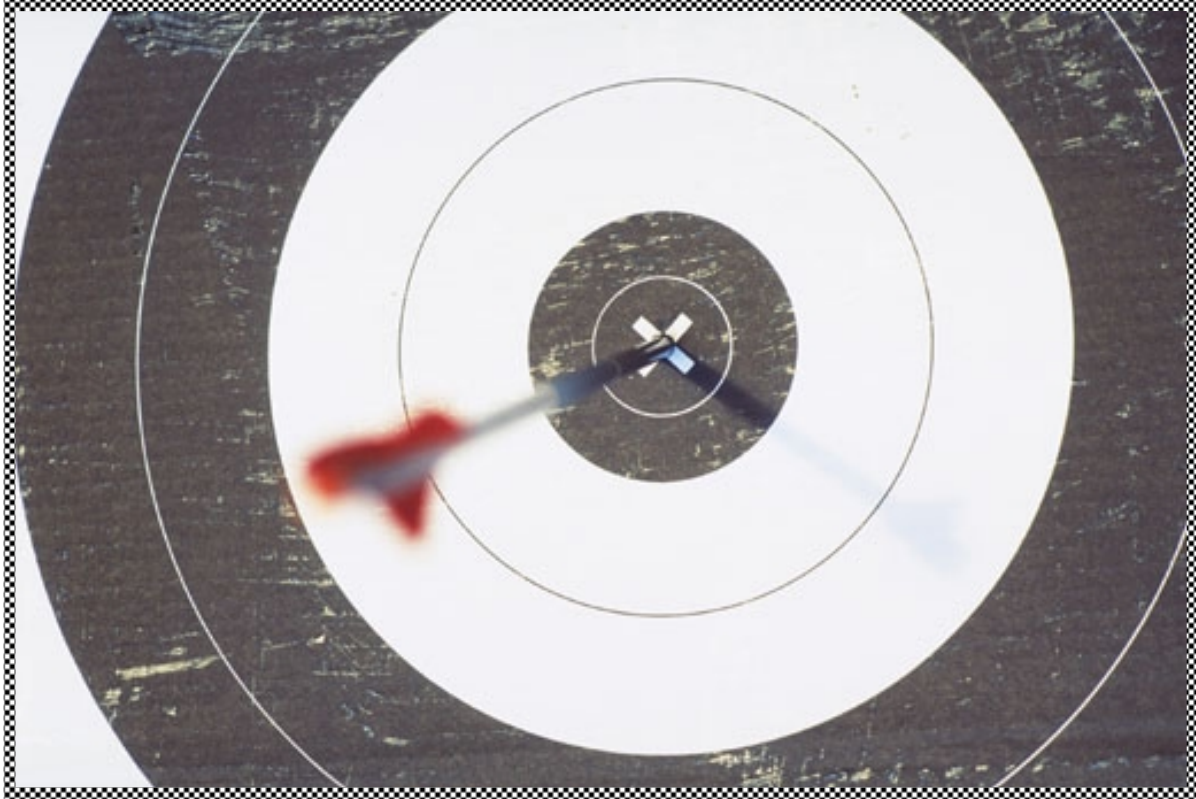
“W” = All referrals must be eligible for WOTC or Welfare-to-Work Tax Credit in addition to meeting the job requirements.

Before an applicant is referred to a WOTC job order, a conditional certification must have been issued to the individual.

Instruct the referral to give the Conditional Certification Form (ETA-9062) and 8850 to the employer when hired. The employer requests the tax credit by completing Form ETA-9062 and mailing it with a completed 8850 to the Employment Department WOTC Unit within 21 days after the applicant starts work.

The listing of a WOTC job order by an employer does not constitute a written request for certification. Statutory requirements still apply.

Target Groups



A. TANF Recipients
B. Veterans
C. Qualified Ex-felons
D. High-risk Youth

E. Vocational Rehabilitation Referrals
F. Summer Youth
G. Food-stamp Recipients
H. SSI Recipients
I. Long-term Family Assistance Recipients

Target Groups

Temporary Assistance for Needy Families (TANF) Target Group Code: A

This target group refers to any individual who received, or is a member of a family that received cash assistance under a IV-A* program (AFDC/TANF) for **at least nine months** during the 18-month period ending on the hire date.

** For the purpose of WOTC, a IV-A recipient is a family member who is specifically listed on the grant.*

Qualifying payments for this target group can be identified by the AFS budget codes 2 and 82, under which such payments are authorized.

Conditional Certification Validation Period (Box 14, ETA-9062): Confirm eligibility by contacting the individual's caseworker at Adult and Family Services. Use the last day of the month the job seeker could satisfy the above condition.

Veterans (recent food stamp recipients) Target Group Code: B

A veteran qualifies if he or she:

- Served on active duty in the U.S. Armed Forces for a period of more than 180 days, or was discharged for a service-connected disability; **and**
- Did not have any day during the 60-day period ending on the hiring date that was a day of extended active duty; **and**
- Received, or was a member of a family that received assistance from a food-stamp program under the Food Stamp Act of 1977 for **at least a three-month period** sometime **during the 15-month period ending on the hiring date.**

Conditional Certification Validation Period (Box 14, ETA-9062): Use the last day of the month no more than 15 months from the end of the qualifying receipt of food stamps.

Target Groups

Qualified Ex-felons

Target Group Code: C

To qualify for this target group, the individual must be a recently convicted felon. The individual must:

- Have a felony conviction under any statute of the United States or any state, and hired **within one year** of the date of conviction or release from prison; **and**
- Be a member of an economically disadvantaged family. (Refer to Lower Living Standard Income Level [LLSIL] table below to determine economically disadvantaged status.)

Conditional Certification Validation Period (Box 14, ETA-9062): The Conditional Certification expires 45 days from the date of issuance.

Lower Living Standard Income Level (LLSIL)

Persons in the ex-felon target group must be members of an “economically disadvantaged family” to participate in WOTC. The LLSIL table below identifies the maximum income a family unit may earn during the **six full months** prior to the hire date and still qualify as economically disadvantaged under WOTC. Note that there are two standards based on county of family residence.

Table Effective: May 14, 1999

Updated Annually

<u>Number in Family Unit</u>	<u>Clackamas/Jackson/Josephine/Lane Marion/Multnomah/Polk/Washington</u>	<u>Balance of State</u>
1	\$ 3,565	\$ 3,500
2	\$ 5,840	\$ 5,735
3	\$ 8,015	\$ 7,875
4	\$ 9,895	\$ 9,720
5	\$ 11,680	\$ 11,470
6	\$ 13,655	\$ 13,415

For each additional family member over 6 add,

\$ 1,975	\$ 1,945
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Determining Size of Family Unit

The *Number in Family Unit* will reflect the largest number in the participant's unit at any time with the past six-month period. In some instances, an individual may have the option to be considered a **Family of One** if it provides an advantage in meeting the income criteria.

For the purpose of applying income criteria to WOTC participants, "family" is defined as:

- One or more persons living in a single residence who are related to each other by blood, marriage or adoption. A stepchild or stepparent is considered to be related marriage.

One or more persons not living in the single residence, but who are claimed as "dependent" on the tax return of another family member who does live in the single residence, may be counted as family members. Examples include students away at college or institutionalized family members.

A couple living together but not married may not claim each other, or any children brought to the relationship, as family members. However, both may claim any children they have in common.

Family of One:

Under certain conditions an individual may have the option to be considered a "family of one", even if belonging to a larger family unit. The benefit to this option is that only the individual's income (rather than the entire family unit's income) will be used to determine eligibility based on income criteria. Eligible individuals include:

- Disabled individuals age 16 or older, if perceived to have a physical or mental disability that limits workplace skills;
- Individuals who, within the prior six months, have been incarcerated, hospitalized or in residential care for substance abuse or mental treatment, or in foster care within the past six months;
- Individuals age 55 or older;
- Individuals age 18 or older, including students at college, if they received less than 50% of their support from other family members during the prior six months.

Determining Countable Income:

When applying the WOTC income standards, first determine family size. Having determined family size, add the income earned by every member of the family unit during the past six-month period prior to the month in which the eligibility determination is made. For instance, if an income eligibility determination were made sometime in October, the countable income period would begin in the previous month (September) and end back in April.

Only monies earned by family members residing with the participant are to be counted. For example, suppose the participant lived alone for the first three months of the six-month period, then married – thereby accumulating a wife and two stepchildren into his “family unit.” His income alone would be counted for the first three months; the income of all four family members would be counted for the last three months. The *Number in Family Unit* selected would be four since this was the largest family unit at any time within the six-month period.

In calculating family income, use the following guidelines to determine whether or not to include certain types of income in your calculations:

Include:

- Gross wages or salary. Include total money earnings, before deductions, for work performed as an employee. This includes OJT payments and wages paid to participants.
- Self-employment income. Include net income – gross receipts minus operating expenses.
- Farm income. If members of the family reside on an operating farm, include income received from the sale of farm products.
- Disability or time loss payments due to work related injuries that last more than three years.
- Other income, including money received from net rent, pensions, Social Security payments, alimony, and income from insurance policy annuities.
- Wages

Exclude:

- Non cash income such as food stamp or food/housing received as compensation.
- Value of owner occupied housing
- Cash public assistance payments, including payments a family member would be disqualified from receiving due to entering public service employment.
- Payments received for work experience, classroom training, services, etc., under U.S. Department of Labor, Employment and Training Administration programs.
- Capital gains and losses.
- Federal, state or local unemployment benefits.
- Active duty pay of recently separated veterans and certain other payments and allowances received under the Vietnam Era Veterans Readjustment Act of 1972.
- Earnings from National Guard, Army, Navy, Marine or Air Force Reserves, VISTA activity and veterans educational benefits.
- Unearned income, e.g.:

Payments received for limited fixed-term, under-income maintenance programs and supplemental (private) unemployment benefit plans

One-time, fixed term scholarships and fellowship grants

Accident, health and casualty insurance proceeds

Disability (less than three years) and death benefits including fixed term (but not life time) life insurance annuities and death benefits

One-time awards and gifts

Inheritances, including fixed-term annuities

Fixed-term workers compensation awards

Unearned income (continues)

Terminal leave pay

Soil bank payments and agricultural crop stabilization payments

Trade Readjustment Allowances (TRA)

Child support payments

Target Groups

High-risk Youth (Age 18-24)

Target Group Code: D

The individual must be at least 18 but not yet age 25 on the hiring date, and must reside in a federal empowerment zone or enterprise community. Portions of the following ZIP code areas are federal empowerment zones and enterprise communities located in Multnomah and Josephine counties.

97201	97203	97204	97205	97209
97211	97212	97227	97497	97523

To confirm residence in an empowerment zone or enterprise community, a "Check an Address for Inclusion" screen is available at <http://www.hud.gov/ezec/locator> through HUD.

Conditional Certification Validation Period (Box 14, ETA-9062): Conditional Certification expires when the participant turns 25 years of age, or moves primary residence out of an empowerment zone or enterprise community.

Vocational Rehabilitation Referrals

Target Group Code: E

The individual must be a Vocational Rehabilitation client who either completed or is receiving rehabilitative services pursuant to:

- An individualized written plan for employment, approved under the Rehabilitation Act of 1973 and authorized by the Vocational Rehabilitation Division or Commission for the Blind; **or**
- A vocational rehabilitation program carried out by the Veterans Administration under Chapter 31 of Title 38, U.S. Code.

Conditional Certification Validation Period (Box 14, ETA-9062): Conditional Certification expires at end of WOTC program.

Target Groups

Summer Youth (Age 16-17)

Target Group Code: F

Individuals must be at least 16 but not yet 18 on the hiring date, reside in a federal empowerment zone or enterprise community, and be first hired between **May 1 and September 15**. Portions of the following ZIP code areas are federal empowerment zones and enterprise communities located in Multnomah and Josephine counties.

97201	97203	97204	97205	97209
97211	97212	97227	97497	97523

To confirm residence in an empowerment zone or enterprise community, a "Check an Address for Inclusion" screen is available at <http://www.hud.gov/ezec/locator> through HUD.

The same tax-credit percentage rates and hours worked apply to eligible summer youth. However, the qualifying wages must be paid in a 90-day period between May 1 and September 15 and are limited to the first \$3,000 of wages.

Conditional Certification Validation Period (Box 14, ETA-9062): Conditional Certification expires when the participant turns 18 years of age, or moves primary residence out of an empowerment zone or enterprise community.

Food-stamp Recipients (Age 18-24)

Target Group Code: G

An individual must be at least 18 but not yet age 25 on the hiring date and satisfy at least one of the following conditions:

- On the hiring date, the individual must be receiving, or be a member of a family receiving assistance from a food-stamp program under the Food Stamp Act of 1977 for at least **six consecutive months ending on the hiring date**; or
- In the case of a family member who ceases to be eligible due to work requirements, receiving assistance for **at least three months of the five-month period** ending on the hiring date.

Conditional Certification Validation Period (Box 14, ETA-9062): Use the last day of the month the job seeker could satisfy the above conditions.

Target Groups

Supplemental Security Income (SSI) Recipients

Target Group Code: H

Any individual who is certified as receiving Supplemental Security Income benefits under Title XVI of the Social Security Act (including SSI benefits of the type described in section 1616 of such Act or section 212 of Public Law 93-66) for any month that ends **within the 60-day period** ending on the hiring date.

Conditional Certification Validation Period (Box 14, ETA-9062): Conditional Certification expires on the 60th day after the end of the last month of receiving Supplemental Security Income benefits.

Welfare-to-Work Tax Credit

Target Group Code: I

The individual must be a member of a family identified as long-term family assistance recipients as evidence by:

- Having received benefits from a IV-A (AFDC/TANF) program for at least 18 consecutive months ending on the date of hire; **or**
- Having received AFDC/TANF benefits for a total of at least 18 months beginning after August 5, 1997, and not having a hire date more than two years after the end of the earliest 18-month period; **or**
- Being denied AFDC or TANF benefits because eligibility expired under federal or state law after August 5, 1997, and being hired within two years after eligibility expired.

Conditional Certification Validation Period (Box 14, ETA-9062): Conditional Certification expires two years after the end of the earliest 18-month period of receiving AFDC/TANF benefits after August 5, 1997 or two years after the date of being denied such assistance because eligibility expired under federal or state law.

Claiming the Tax Credit



Claiming the Tax Credit

An employer must apply for and receive an Employer Certification (Form ETA-9063) that a new hire belongs to a group of job seekers eligible for the WOTC or Welfare-to-Work Tax Credit before claiming it on a federal income tax return. General information follows about how to claim both credits. For specific questions about how the tax credit affects the employer's tax liability, have the employer contact an accountant or the Internal Revenue Service.

What are qualified wages?

Qualified wages are those paid to a certified employee that are countable when determining the tax credit amount for the WOTC or Welfare-to-Work Tax Credit. An employer uses IRS Form 5884 to determine the amount of credit earned for WOTC. Form 8861 is used for the Welfare-to-Work Tax Credit.

In general, qualified wages are those paid directly to the certified employee by the employer. Reimbursements received for wages paid through a federal or federally subsidized on-the-job training (OJT) program cannot be counted for determination purposes. Wages earned while the employee is participating in a veterans OJT program under Title 38 count because such payments are made directly to the employee instead of the employer.

Unlike WOTC, qualified wages for the Welfare-to-Work Tax Credit includes:

- Employer contributions for accident and health plans;
- Employer expenses paid for educational assistance programs; **and**
- Expenses related to dependent care programs offered by the employer.

Claiming the Tax Credit

Tax Credit Calculations

The maximum tax credit is \$2,400 for WOTC-certified employees who started working after September 30, 1997. This is based on 40% of the first year's qualified wages paid up to \$6,000 for each target group member hired. An employee must work a minimum of 400 hours to obtain the 40% rate. If the employee works at least 120 but less than 400 hours, the tax credit is 25% of wages paid up to a maximum of \$6,000. At the end of the tax year, the employer claims the credit by completing IRS Form 5884.

An employer claiming the Welfare-to-Work Tax Credit receives a credit of 35% in the first year, and 50% during the second year for the first \$10,000 of qualified wages paid to a new employee who worked at least 400 hours or 180 days during each of those years. The maximum tax credit is \$8,500 for each eligible person hired. The employer completes IRS Form 8861 to claim the Welfare-to-Work Tax Credit.

Dual Certifications

An individual may be certified for both WOTC and Welfare-to-Work Tax Credit. However, in any one taxable year, an employer cannot claim both credits for the same individual. The following options are available when considering which tax credit to claim on a dual-certified employee:

- For the first-year period beginning on the employment start date, the employer may choose to claim either the WOTC or Welfare-to-Work Tax Credit;
- During the second year, the employer can only claim the Welfare-to-Work Tax Credit.

For the Employer's Record

Remind the employer filing a request for credit the benefits of retaining copies of tax credit applications, documents, mailing receipts, etc. In this section, retention of copies and its uses will be discussed.

Submission of Certification Request

The employer can retain copies of the certification request for the tax credit (IRS Form 8850 and Form ETA 9061 or 9062). These copies can protect a request in circumstances involving lost mail or a dispute over timely submission if the originals were sent by certified mail. Certified mail (PS Form 3817), or other services that comply with guidelines in Section 931.22 of the U.S. Postal Manual, must identify the:

- Prospective employee;
- Employer on whose behalf the certification is sought; **and**
- Date the individual is scheduled to begin work.

Employer Certification (Form ETA-9063)

An Employer Certification will be returned to the employer authorizing the tax credit when an applicant is determined to be eligible on a certification request. Retain this document to verify eligibility should the IRS audit the employer's tax return.

Appealing a Denial on a Certification Request

An employer may appeal if a denial letter is issued on a certification request. Unless the denial was issued in error because of misinterpretation of information, the appeal must be based on sources other than those resulting in the original denial. The employer can submit a written request for reconsideration to the Employment Department WOTC Unit.

If the sources provided support eligibility, an Employer Certification will be issued to supersede the original denial notice.

Frequently Asked Questions

Q. Can WOTC be used with JOBS Plus?

- A. If a person is eligible under JOBS Plus and WOTC, the JOBS Plus reimbursements for a person who received TANF or food stamps are treated like federally funded on-the-job training. The reimbursed wages received through JOBS Plus cannot be used for the tax credit. Wages earned after completion of JOBS Plus and within the first year of employment may be used in calculating the allowable tax credit.

For an unemployment insurance claimant, the reimbursed wages received through JOBS Plus are countable as qualified wages, and may be used for the tax credit.

Q. When should the WOTC paperwork be completed for an applicant participating in an OJT program or JOBS Plus?

- A. The Pre-Screening Notice (IRS Form 8850) must be completed on or before the day the job was offered, and the employer must submit this form as part of a request for the tax credit within 21 days after the individual begins work.

If the applicant already has a Conditional Certification (Form ETA-9062) issued by a participating agency, the employer completes this form and submits it with a completed 8850 to the Employment Department WOTC Unit within 21 days after the individual begins work.

Q. How many times can an employer hire the same individual and receive tax credits?

- A. Only once. In addition to meeting the criteria of one of the target groups, an individual must be a first-time hire. If the individual has previously worked for the employer, no matter how long ago, no tax credit for the current period of employment is available.

Frequently Asked Questions

Q. When can the employer claim the tax credit?

- A. An employer must claim the tax credit for the tax year in which qualified wages were paid, if possible. An amended tax return may be filed for the previous year if there is insufficient tax liability to use the credit in the year it is earned. If this does not provide use of the credit, it may be carried forward for up to 20 future tax years.

An employer may not, however, choose to save the tax credit for a later tax year; it must be claimed at the earliest available opportunity.

Q. Are there circumstances when the tax credit cannot be claimed even if the employee is certified as a member of one of the target groups?

- A. Yes, wages earned during OJT supported by federal monies cannot be counted when determining the tax credit. However, wages based on employer reimbursements from non-federal monies (i.e., insurance reimbursements, state-funded programs) may be used in calculating the allowable tax credit.

Tax credit can be claimed for wages earned under the Work Supplementation program administered by Adult & Family Services (AFS). The wages eligible are those that exceed the reimbursement from AFS.

FORMS



IRS-8850

ETA-9062

ETA-9061

ETA-9063

IRS-5884

IRS-8861



Pre-Screening Notice, IRS Form 8850

While issuing a Conditional Certification, have the applicant complete Form 8850 down to box 1. Form 8850 must be used if the employer wants to request the tax credit.

Form 8850 <small>(Rev. November 1998) Department of the Treasury Internal Revenue Service</small>	Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits <small>► See separate instructions.</small>	<small>OMB No. 1545-1500</small>
Job applicant: Fill in the lines below and check any boxes that apply. Complete only this side.		
Your name _____ Social security number ► _____		
Street address where you live _____		
City or town, state, and ZIP code _____		
Telephone no. (____) _____		
If you are under age 25, enter your date of birth (month, day, year) ____/____/____		
Work Opportunity Credit		
<p>1 <input type="checkbox"/> Check here if you received a conditional certification from the state employment security agency (SESA) or a participating local agency for the work opportunity credit.</p> <p>2 <input type="checkbox"/> Check here if any of the following statements apply to you.</p> <ul style="list-style-type: none">• I am a member of a family that has received assistance from Aid to Families with Dependent Children (AFDC) or its successor program, Temporary Assistance for Needy Families (TANF), for any 9 months during the last 18 months.• I am a veteran and a member of a family that received food stamps for at least a 3-month period within the last 15 months.• I was referred here by a rehabilitation agency approved by the state or the Department of Veterans Affairs.• I am at least age 18 but not over age 24 and I am a member of a family that:<ul style="list-style-type: none">a Received food stamps for the last 6 months, ORb Received food stamps for at least 3 of the last 5 months, BUT is no longer eligible to receive them.• Within the past year, I was convicted of a felony or released from prison for a felony AND during the last 6 months I was a member of a low-income family.• I received supplemental security income (SSI) benefits for any month ending within the last 60 days.		
Welfare-to-Work Credit		
<p>3 <input type="checkbox"/> Check here if you received a conditional certification from the SESA or a participating local agency for the welfare-to-work credit.</p> <p>4 <input type="checkbox"/> Check here if you are a member of a family that:</p> <ul style="list-style-type: none">• Received AFDC or TANF payments for at least the last 18 months, OR• Received AFDC or TANF payments for any 18 months beginning after August 5, 1997, OR• Stopped being eligible for AFDC or TANF payments after August 5, 1997, because Federal or state law limited the maximum time those payments could be made.		
All Applicants		
<small>Under penalties of perjury, I declare that I gave the above information to the employer on or before the day I was offered a job, and it is, to the best of my knowledge, true, correct, and complete.</small>		
Job applicant's signature ► _____		Date ____/____/____
<small>For Privacy Act and Paperwork Reduction Act Notice, see page 2.</small>		<small>Cat. No. 22851L Form 8850 (Rev. 11-98)</small>

To obtain IRS Form 8850, download it from:
http://www.irs.ustreas.gov/forms_pubs/index.html

Pre-Screening Notice, IRS Form 8850 (page 2)

Form 8850 (Rev. 11-98)

Page **2**

For Employer's Use Only

Employer's name _____ Telephone no. () - _____ EIN ▶ _____

Street address _____

City or town, state, and ZIP code _____

Person to contact, if different from above _____ Telephone no. () - _____

Street address _____

City or town, state, and ZIP code _____

If, based on the individual's age and home address, he or she is a member of group 4 or 6 (as described under **Members of Targeted Groups** in the separate instructions), enter that group number (4 or 6) ▶ _____

DATE APPLICANT:	Gave	Was	Was	Started
	information	offered	hired	job
	/ /	/ /	/ /	/ /

Under penalties of perjury, I declare that I completed this form on or before the day a job was offered to the applicant and that the information I have furnished is, to the best of my knowledge, true, correct, and complete. Based on the information the job applicant furnished on page 1, I believe the individual is a member of a targeted group or a long-term family assistance recipient. I hereby request a certification that the individual is a member of a targeted group or a long-term family assistance recipient.

Employer's signature ▶ _____	Title _____	Date / / _____
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Privacy Act and Paperwork Reduction Act Notice

Section references are to the Internal Revenue Code.

Section 51(d)(12) permits a prospective employer to request the applicant to complete this form and give it to the prospective employer. The information will be used by the employer to complete the employer's Federal tax return. Completion of this form is voluntary and may assist members of targeted groups and long-term family assistance recipients in securing employment. Routine uses of this form include giving it to the state employment security agency (SESA), which will contact appropriate sources to confirm that the applicant is a member of a targeted group or a long-term family

assistance recipient. This form may also be given to the Internal Revenue Service for administration of the Internal Revenue laws, to the Department of Justice for civil and criminal litigation, to the Department of Labor for oversight of the certifications performed by the SESA, and to cities, states, and the District of Columbia for use in administering their tax laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 2 hr., 47 min.
Learning about the law or the form 28 min.
Preparing and sending this form to the SESA 36 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

DO NOT send this form to this address. Instead, see **When and Where To File** in the separate instructions.



Conditional Certification Form, ETA-9062

Authorized staff can issue a conditional certification after confirming the applicant belongs to a target group. The employer uses the conditional certification in conjunction with the 8850 to request the tax credit.

Conditional Certification Work Opportunity and Welfare-to-Work Tax Credits

U.S. Department of Labor
Employment and Training Administration



		OMB Approval No. 1205-0371 Expiration Date: 06/30/2001
1. INITIATING AGENCY CODE (For Agency Use Only) CODE: _____ _____ Participating Agency _____ SESA		2. CONTROL NO. (For Agency Use Only) CONTROL NO. _____ _____ Participating Agency _____ SESA
3. TYPE OF CONDITIONAL CERT. ("✓" One) a. <input type="checkbox"/> Original b. <input type="checkbox"/> Revalidation		4. DATE COMPLETED (Mo., Day, Yr.)
5. State Employment Security Agency's Name and Address Oregon Employment Department 875 Union Street NE Room 201 Salem, OR 97311 attn: WOTC Unit		6. SIGNATURE (Authorized Official)
		7. TELEPHONE NO.

PART I. INTRODUCTION

8. NAME OF INDIVIDUAL (Last, First, Middle)		9. SOCIAL SECURITY NO.
10. ADDRESS (Number, Street, City, State, Zip Code)	11. TARGET GROUP CODE ("✓" One) <input type="checkbox"/> Summer Youth (SY) Enter Code if not SY: _____	12. GROUP (WtW) <input type="checkbox"/> Long-Term Fam. Assistance Recipient Enter Code: _____
13. APPLICANT'S SIGNATURE:		

NOTE TO EMPLOYER:

14. The above named individual may be eligible for certification under the Work Opportunity Tax Credit (WOTC) program, and/or the Welfare-to-Work Tax Credit as authorized under the IRS Code, Sec. 51 or 51A. If the person is not employed before (Mo., Day, Yr.) this form may not be used.

If you hire this person, you should request the certification necessary for you to claim a Work Opportunity Tax Credit or the Welfare-to-Work Tax Credit. Complete and sign the Employer Declaration below, mail to the Designated Local Agency together with the PSN, IRS Form 8850, not later than the 21st. day after the applicant starts work, and the Employer WOTC/WtW Certification Form will be returned to you, if all statutory requirements have been met.

PART II. EMPLOYER DECLARATION

I, HEREBY, DECLARE that the above named person was or will be employed by:


15. NAME OF FIRM:	16. POSITION/JOB TITLE	17. EMPLOYMENT START DATE (Mo., Day, Yr.)	18. STARTING WAGE: \$ _____ per hour
19. EMPLOYER'S NAME AND SIGNATURE:			20. DATE:

Please send a WOTC ☐; WtW ☐ certification(s) for this employee. The certification is for the purpose of obtaining benefits of the WOTC, under Sec. 51 and/or the Welfare-to-Work Credit, under Sec. 51A of the Internal Revenue Service. Employers are advised, that such credit will cease immediately upon notification of any subsequent invalidation. Employers are further advised that if the certification herein requested is for a member of the SUMMER YOUTH target group, the tax credit for which he/she may be eligible is subject to the limits described at Sec. 51 (d)(7) of the Internal Revenue Code.

NOTE: Falsification of data on this form is a FEDERAL CRIME in violation of 18 USC 1001. Falsification of work or concealment of information is PUNISHABLE by a fine of no more than \$10,000 or imprisonment of not more than 5 years.

Individual Characteristics Form, ETA-9061

If the applicant does not have a conditional certification form and the employer wants to apply for the credit, the Individual Characteristics Form is used in conjunction with 8850 to request the tax credit.

Individual Characteristics Form Work Opportunity Tax Credit and Welfare-to-Work Tax Credit		U.S. Department of Labor Employment and Training Administration U.S. Employment Service			
1. CONTROL NO. (For Agency Use Only)		Individual Information (Instructions on the Back)		OMB Control No.: 1205-0371 Expires: 06/30/2001	
				2. DATE RECEIVED (For Agency Use Only)	
3. EMPLOYER NAME/ADDRESS		4. EMPLOYER ID NUMBER		5. EMPLOYMENT START DATE Starting Wage: \$ _____ per hour POSITION:	
		6. Have you worked for the above employer before? Yes _____ No _____			
7. NAME OF INDIVIDUAL (Last, First, Middle)				8. SOCIAL SECURITY NUMBER:	
The above named individual is determined to have the following characteristics for WOTC Target Group Certification:					
9. Age between 18 - 25? Yes _____ No _____ If YES, indicate your "Date of Birth" below: Date of Birth _____		10. A veteran and a member of a family that received Food Stamps for a period of at least 3 months in the last 15 months. Yes _____ No _____ If YES, also complete Box 17.		11. Is a member of a family that received AFDC (TANF) benefits for any 9 months in the last 18 months. Yes _____ No _____ If YES, also complete Box 17.	
12. Is a member of a family that received Food Stamps for the last 6 months. Yes _____ No _____ or for at least a 3-month period within the last 5 months, BUT is no longer receiving them? Yes _____ No _____ If YES to either, also complete Box 17.		13. In the past year has been convicted of a felony or released from prison after a felony conviction. Yes _____ No _____ If YES, complete below: Date of Conviction _____ Date of Release _____ Total Income for the past 6 months for all family members living in the same household? Total Income: _____ (If No Income, Enter 0 above) No. of family members living in the same household for the past 6 months, including yourself: _____		14. Lives and plans to continue living in a Federal Empowerment Zone or Enterprise Community. Yes _____ No _____ 16. Received Supplemental Security Income (SSI) benefits for any month ending within the last 60 days. Yes _____ No _____	
15. Is receiving or has received Rehabilitation Services through a State Rehabilitation Services program or the Veterans' Administration. Yes _____ No _____		17. If individual is not a primary recipient of benefits, please provide the following: Name of Primary Recipient _____ City/State of Benefits _____			
This section is to be completed by individuals starting work after December 31, 1997, under the Welfare-to-Work Tax Credit only.					
18. Is a member of a family that:					
• Has received AFDC or TANF payments for at least the last 18 consecutive months;				Yes _____ No _____ or	
• Has received/is receiving AFDC or TANF payments for any 18 months starting after August 5, 1997;				Yes _____ No _____ or	
• Stopped being eligible for AFDC or TANF payments after Aug. 5, 1997 because Federal or state law limited the maximum time such assistance is payable.				Yes _____ No _____	
19. SOURCES USED TO DOCUMENT ELIGIBILITY:					
Note: I certify that the information is true and correct to the best of my knowledge. I understand that the information above may be subject to verification. The signature of the party completing this form is required below.					
20. SIGNATURE:				21. DATE:	

To obtain Form ETA-9061, download it from:
<http://www.doleta.gov/employer/eta9061.pdf>

Employer Certification, ETA-9063

If the applicant is eligible, an Employer Certification will be returned to the employer authorizing the tax credit.

Oregon

DECEMBER 15, 1998

ABC Manufacturing
1234 Main St. NE
Salem, OR 97309

EMPLOYMENT

DEPARTMENT

875 Union St. NE
Salem, OR 97311

|||||

RE: EMPLOYER CERTIFICATION LETTER - WORK OPPORTUNITY TAX CREDIT

I hereby certify that Allison Holder meets
the eligibility criteria of Section 51 of the Internal Revenue Code.

EMPLOYEE: Allison Holder AGENCY CODE: EMP
SOCIAL SECURITY NUMBER: 000-00-0005 TARGET GROUP: E

STARTING DATE OF EMPLOYMENT: November 27, 1998

EMPLOYER IRS IDENTIFICATION NUMBER: 00-020002
REPRESENTATIVE'S NAME AND TITLE:
EMPLOYER PHONE NUMBER:

Denise Fletcher
Denise Fletcher
Administrative Specialist
Telephone: (503) 947-1674

NOTICE: Under the provisions of the Tax Relief Act of 1997, employers must attest to IRS, if requested, when claiming the Work Opportunity Tax Credit (WOTC) that each targeted group member was employed by the employer. If employed at least 120 hours but less than 400 hours, the tax credit is figured at the rate of 25% of the wages paid, up to \$6,000. If the employee works 400 or more hours, the employer's tax credit is figured at the rate of 40% of the wages paid, up to \$6,000. These provisions apply to eligible employees hired after September 30, 1997.

CERTIFYING AGENCY: State of Oregon Employment Department
ATTN: WOTC Unit
875 Union Street, NE
Salem, Oregon 97311

JOHN KITZHABER
Governor



2 PART:
Employer
C.O. File

ETA 9063 (12-96)

Work Opportunity Credit, IRS Form 5884

At the end of the tax year, the employer claims the WOTC by completing IRS Form 5884.

Form 5884		Work Opportunity Credit		OMB No. 1545-0219	
Department of the Treasury Internal Revenue Service		▶ Attach to your return.		1999 Attachment Sequence No. 77	
Name(s) shown on return			Identifying number		
Part I Current Year Credit (Members of a controlled group, see instructions.)					
1 Enter the total qualified first-year wages paid or incurred during the tax year, and multiply by the percentage shown, for services of employees who are certified as members of a targeted group and:					
a Worked at least 120 hours but fewer than 400 hours . . . \$ _____ × 25% (.25)				1a	
b Worked at least 400 hours . . . \$ _____ × 40% (.40)				1b	
2 Current year credit. Add lines 1a and 1b. You must subtract this amount from your deduction for salaries and wages				2	
3 Work opportunity credits from flow-through entities					
If you are a— Then enter total of current year work opportunity credit(s) from—					
a Shareholder . . . Schedule K-1 (Form 1120S), lines 12d, 12e, or 13.				3	
b Partner . . . Schedule K-1 (Form 1065), lines 12c, 12d, or 13 . . .					
c Beneficiary . . . Schedule K-1 (Form 1041), line 14					
d Patron . . . Written statement from cooperative					
4 Total current year work opportunity credit. Add lines 2 and 3. (S corporations, partnerships, estates, trusts, cooperatives, regulated investment companies, and real estate investment trusts, see instructions.)				4	
Part II Tax Liability Limit (See Who Must File Form 3800 to find out if you complete Part II or file Form 3800.)					
5 Regular tax before credits:					
• Individuals. Enter amount from Form 1040, line 40				5	
• Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1)					
• Other filers. Enter regular tax before credits from your return					
6a Credit for child and dependent care expenses (Form 2441, line 9).					
b Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)				6b	
c Child tax credit (Form 1040, line 43)				6c	
d Education credits (Form 8863, line 18)				6d	
e Mortgage interest credit (Form 8396, line 11)				6e	
f Adoption credit (Form 8839, line 15)				6f	
g District of Columbia first-time homebuyer credit (Form 8859, line 11).				6g	
h Foreign tax credit				6h	
i Possessions tax credit (Form 5735, line 17 or 27)				6i	
j Credit for fuel from a nonconventional source				6j	
k Qualified electric vehicle credit (Form 8834, line 19)				6k	
l Add lines 6a through 6k				6l	
7 Net regular tax. Subtract line 6l from line 5				7	
8 Alternative minimum tax:					
• Individuals. Enter amount from Form 6251, line 28				8	
• Corporations. Enter amount from Form 4626, line 15					
• Estates and trusts. Enter amount from Form 1041, Schedule I, line 39.					
9 Net income tax. Add lines 7 and 8				9	
10 Tentative minimum tax (see instructions).				10	
11 If line 7 is more than \$25,000, enter 25% (.25) of the excess (see instructions).				11	
12 Enter the greater of line 10 or line 11				12	
13 Subtract line 12 from line 9. If zero or less, enter -0-.				13	
14 Work opportunity credit allowed for current year. Enter the smaller of line 4 or line 13 here and on Form 1040, line 47; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return				14	

For Paperwork Reduction Act Notice, see page 4. Cat. No. 135700 Form **5884** (1999)

To obtain IRS Form 5884, download it from:
http://www.irs.ustreas.gov/forms_pubs/index.html

Welfare-to-Work Credit, IRS Form 8861

At the end of the tax year, the employer claims the Welfare-to-Work Credit by completing IRS Form 8861.

Form 8861 <small>Department of the Treasury Internal Revenue Service</small>	Welfare-to-Work Credit ► Attach to your return.	<small>OMB No. 1545-1569</small> 1999 <small>Attachment Sequence No. 107</small>										
<small>Name(s) shown on return</small>		<small>Identifying number</small>										
Part I Current Year Credit												
1 Enter on the applicable line below the qualified first- or second-year wages paid or incurred during the tax year and multiply by the percentage shown for services of employees who are certified as long-term family assistance recipients and who began work for you after 1997. Members of a controlled group, see instructions.												
a Qualified first-year wages \$ × 35% (.35)		1a										
b Qualified second-year wages \$ × 50% (.50)		1b										
2 Current year credit. Add lines 1a and 1b. You must subtract this amount from your deduction for salaries and wages		2										
3 Welfare-to-work credits from flow-through entities	<table border="1" style="width: 100%;"><tr><td style="width: 30%;"><small>If you are a—</small></td><td><small>Then enter total of welfare-to-work credit(s) from—</small></td></tr><tr><td>a Shareholder</td><td>Schedule K-1 (Form 1120S), lines 12d, 12e, or 13.</td></tr><tr><td>b Partner</td><td>Schedule K-1 (Form 1065), lines 12c, 12d, or 13</td></tr><tr><td>c Beneficiary</td><td>Schedule K-1 (Form 1041), line 14</td></tr><tr><td>d Patron</td><td>Written statement from cooperative</td></tr></table>	<small>If you are a—</small>	<small>Then enter total of welfare-to-work credit(s) from—</small>	a Shareholder	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13.	b Partner	Schedule K-1 (Form 1065), lines 12c, 12d, or 13	c Beneficiary	Schedule K-1 (Form 1041), line 14	d Patron	Written statement from cooperative	3
<small>If you are a—</small>	<small>Then enter total of welfare-to-work credit(s) from—</small>											
a Shareholder	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13.											
b Partner	Schedule K-1 (Form 1065), lines 12c, 12d, or 13											
c Beneficiary	Schedule K-1 (Form 1041), line 14											
d Patron	Written statement from cooperative											
4 Total current year welfare-to-work credit. Add lines 2 and 3. (S corporations, partnerships, estates, trusts, cooperatives, regulated investment companies, and real estate investment trusts, see instructions.)		4										
Part II Tax Liability Limit (See Who Must File Form 3800 to find out if you complete Part II or file Form 3800.)												
5 Regular tax before credits:												
• Individuals. Enter amount from Form 1040, line 40		5										
• Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1)												
• Other filers. Enter regular tax before credits from your return												
6a Credit for child and dependent care expenses (Form 2441, line 9)	6a											
b Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	6b											
c Child tax credit (Form 1040, line 43)	6c											
d Education credits (Form 8863, line 18)	6d											
e Mortgage interest credit (Form 8396, line 11)	6e											
f Adoption credit (Form 8839, line 15)	6f											
g District of Columbia first-time homebuyer credit (Form 8859, line 11)	6g											
h Foreign tax credit	6h											
i Possessions tax credit (Form 5735, line 17 or 27)	6i											
j Credit for fuel from a nonconventional source	6j											
k Qualified electric vehicle credit (Form 8834, line 19)	6k											
l Add lines 6a through 6k		6l										
7 Net regular tax. Subtract line 6l from line 5		7										
8 Alternative minimum tax:												
• Individuals. Enter amount from Form 6251, line 28		8										
• Corporations. Enter amount from Form 4626, line 15												
• Estates and trusts. Enter amount from Form 1041, Schedule I, line 39												
9 Net income tax. Add lines 7 and 8		9										
10 Tentative minimum tax (see instructions):												
• Individuals. Enter amount from Form 6251, line 26		10										
• Corporations. Enter amount from Form 4626, line 13												
• Estates and trusts. Enter amount from Form 1041, Schedule I, line 37												
11 If line 7 is more than \$25,000, enter 25% (.25) of the excess (see instructions)	11											
12 Enter the greater of line 10 or line 11		12										
13 Subtract line 12 from line 9. If zero or less, enter -0-		13										
14 Welfare-to-work credit allowed for current year. Enter the smaller of line 4 or line 13 here and on Form 1040, line 47; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return		14										
<small>For Paperwork Reduction Act Notice, see page 4.</small>												
<small>Cat. No. 24858E</small>												
<small>Form 8861 (1999)</small>												

To obtain IRS Form 8861, download it from:
http://www.irs.ustreas.gov/forms_pubs/index.html

Ordering Forms and Brochures

Except for the Employer Certification (ETA-9063) and IRS forms, all other forms, identification cards and brochures are cataloged and available for order by Employment Department staff. Contact your local office coordinator and refer to the publication number(s) when placing an order.

Conditional Certification Agreements

The Employment Department has entered into agreements with other agencies that permit them to determine eligibility and issue conditional certifications to their clients.

The following is a list of several agencies that entered into agreements with the Employment Department.

Agency	Target Groups Served
Adult and Family Services Division	A, B, F, G, I
Commission for the Blind	E
JTPA	A, B, C, D, F, G, I
Mental Health	H
Non-profit Rehabilitation Facilities	E
Veterans Administration	E
Vocational Rehabilitation Division	E

The Employment Department is authorized to serve all target group members.

Program Administration

The Employment Department is the agency designated by the U.S. Department of Labor to administer the WOTC and Welfare-to-Work Tax Credit programs in Oregon.

Employment Department Time Charging

Time spent on interviewing WOTC applicants and completing WOTC forms should be charged to 175-501. Use 175-505 for time spent on marketing activities and responding to employer calls.

Time spent conditionally certifying applicants in special programs (i.e., Veterans, etc.) should be charged to the time code for that program.